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Demand for co-living grows in L.A.

New York company plans $100-million expansion with L.A. apartment developer.

By Roger Vincent

Co-living is one the newest trends in urban housing, and it has prompted a New York operator to join with a Los Angeles developer to create $100 million worth of shared, furnished apartments to help meet a projected deep demand in Southern California.

Residents in a co-living complex typically have their own bedroom and bathroom but share kitchens, living rooms and other common areas with fellow tenants. It's a small but growing segment of the apartment market, mostly serving young professionals who can't afford the rent in hip, desirable neighborhoods.

New York-based co-living operator Common and its Los Angeles partner Proper Development tested the waters in Los Angeles with a 24-unit complex on Melrose Avenue completed in November that got 9,000 applications from would-be tenants, Common founder Brad Hargreaves said.

"We see huge demand in Los Angeles," Hargreaves said, for shared furnished apartments that rent for $1,300 to $1,800 per month.

At Common Melrose in Hollywood, monthly rent of $1,550 includes utilities, Wi-Fi and housekeeping services to keep the common areas clean.

When the costs of such services are included in price comparisons, units at Common properties can be rented for 20% less than competing new studio-style units nearby, according to Hargreaves.

Proper Development will build seven co-living apartment buildings over the next two or three years that Common will operate with a combined total of 600 beds, he said. The beds are full or queen, he added. "No bunk beds here. Everyone gets their own room."

The companies are planning projects in Mar Vista, Echo Park, Koreatown, Larchmont and Playa Vista, he said.

"The urgency to develop market rate housing at accessible price points is tremendous," said Daniel Pourbaba, founder of Proper Development.

The units are meant to serve people who are making about $40,000 to $80,000 per year. The median age of Common tenants is 29, Hargreaves said, "which is a little bit older than most people expect."

That's because demand extends beyond millennials early in their careers, he said. Tenants include empty-nesters in their 60s.

Formal co-living complexes — in some ways a new take on old-fashioned boarding houses — are still a novelty in Southern California but stand to emerge as a new property category, like assisting living complexes designed to serve the growing numbers of wealthy seniors.

A portfolio of buildings in an established property class can get funded by banks, purchased by pension funds and even securitized in real estate investment trusts.

Justin Mateen, co-founder of dating app Tinder, has invested more than $25 million in Proper Development's co-living projects over the last few years through his Beverly Hills real estate company JAM Capital Real Estate and plans to double that investment figure this year.

"Multifamily development has been slow to adapt to the needs of modern renters, but now that lenders are increasingly recognizing co-living as an attractive asset class we are seeing an influx of institutional capital entering the market looking to co-invest with us," Mateen said.

Co-living competitors in the Los Angeles area include Starcity, which operates a recently opened complex near Marina del Rey built by California Landmark Group, and co-living company Node, which operates newly renovated bungalow court apartments in Echo Park.

Starcity is based in San Francisco. Node is headquartered in London and has properties in multiple countries.

Los Angeles "is on track be our second-biggest market after New York," Hargreaves said.

RICHARD HILTON

HOUSING COMMISSION

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MARCH 21, 2019

Legal Notices Legal Notices Legal Notices

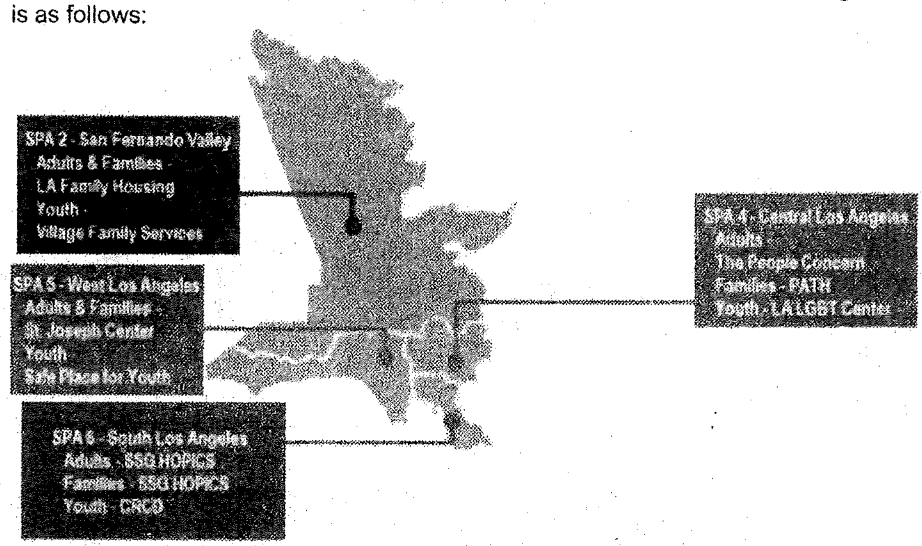
Public Notice of Mainstream Voucher Program Waitlist Opening

EQUAL HOUSING OPPORTUNITY

The Housing Authority of the City of Los Angeles is administering a Mainstream Voucher Program in partnership with the Los Angeles County Health Agency. The program assists homeless non-elderly disabled persons. The eligible household must be composed of one or more non-elderly persons with disabilities, defined as persons with disabilities who are 18 years of age or older and less than 62 years of age.

Effective immediately, eligible individuals and families can contact the Los Angeles area Coordinated Entry System (CES) Service Planning Area (SPA) Lead Agencies (found below) to apply for assistance. To assess eligibility and verify homeless status, applicants must work with local service providers through the CES SPA Lead Agencies.

Map of Service Planning Areas (SPAs) and the current list of CES SPA Lead Agencies is as follows:



SPA 2 - San Fernando Valley		
Adults	LA Family Housing	7843 Lankershim Blvd. North Hollywood, CA 91605
Youth	The Village Family Services	6801 Coldwater Canyon Ave. North Hollywood, CA 91605
Family	LA Family Housing	7843 Lankershim Blvd. North Hollywood, CA 91605

SPA 4 – Metro/Central Los Angeles		
Adults	The People Concern	526 San Pedro St. Los Angeles, CA 90013
Youth	LGBT Center	1625 N. Schrader Blvd. Los Angeles, CA 90028
Family	PATH	340 N. Madison Ave. Los Angeles, CA 90004

SPA 5 – West Los Angeles		
Adults	St. Joseph Center	204 Hampton Dr. Venice, CA 90291
Youth	Safe Place for Youth	2469 Lincoln Blvd. Venice, CA 90291
Family	St. Joseph Center	204 Hampton Dr. Venice, CA 90291

SPA 6 – South Los Angeles		
Adults	Special Service for Groups	5715 S. Broadway Los Angeles, CA 90037
Youth	Coalition for Respons. Comm. Dev.	3101 S. Grand Ave. Los Angeles, CA 90007
Family	Special Service for Groups	5715 S. Broadway Los Angeles, CA 90037

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R. HILTON

Los Angeles Times THURSDAY, MARCH 14, 2019 C3

Airbnb loses major court battle

A federal appeals panel upholds a Santa Monica rental law.

BLOOMBERG

Airbnb Inc. and Expedia Group Inc.'s HomeAway failed to persuade a U.S. court of appeals to strike down a Santa Monica law that makes the companies liable for illicit rentals in the beach city.

The ruling Wednesday by a three-judge panel of the 9th Circuit Court of Appeals is a setback for the home-sharing platforms in their effort to avoid regulation by cities that blame the rapid proliferation of short-term rentals for a shortage of affordable housing and a disintegration of residential communities.

The Santa Monica ordinance holds the companies responsible for booking rentals of residences that aren't licensed by the city. The appellate panel agreed with the city that the restriction doesn't violate the U.S. Communications Decency Act of 1996, which shields online services from liability for the content that their users post on their sites.

Airbnb is the largest home-rental platform, with more than 6 million listings around the world. The San Francisco company is gearing up for an initial public stock offering by the end of the year, but it's still fighting various cities in court over efforts to curtail its operation. In January, Airbnb and other short-term-rental sites won a ruling granting a temporary reprieve from a New York City law that would compel them to turn over renter data, a requirement that threatens to cut their bookings in the city by half.

"Airbnb has seen setbacks like this over the years," Bloomberg Intelligence analyst Mandeep Singh said. "They will continue to work with the regulators on tax collection and other fees, but it should not have much of an impact on its IPO."

Airbnb is also fighting Paris, where it faces as much as $14 million in fines for allegedly posting illegal advertisements, and in November it sued Boston over a new ordinance that it says would limit short-term home rentals and impose unfair restrictions and financial penalties on the company.

The courts' interpretation of the 1996 law and the protection it affords interactive online businesses has become a central theme in legal challenges to Airbnb and its rivals. Federal judges in Los Angeles and San Francisco have found that cities can hold the companies liable for processing transactions, as opposed to simply listing information from users. Yet in a separate case in Los Angeles, a judge concluded that Airbnb can't be made responsible for renters breaking their leases when they list their apartments on the site.

Airbnb and HomeAway argued that the Santa Monica ordinance makes it impossible for them to operate, particularly if other municipalities adopt similar laws, because it would require them to monitor and remove listings for unregistered residences. If they don't, users would be stuck looking at listings that they won't be able to book, according to the companies.

The 9th Circuit panel concluded that Santa Monica's statute puts only an "incidental" burden on the companies' constitutional right to free speech.

"Even assuming that the ordinance would lead the platforms to voluntarily remove some advertisements for lawful rentals, there would not be a 'severe limitation on the public's access' to lawful advertisements, especially considering the existence of alternative channels like Craigslist," the judges said in the ruling.

Airbnb said the Santa Monica case doesn't reflect the progress it has made working with local governments across the country.

"Airbnb has made great strides around the world, working with dozens of cities to develop more than 500 partnerships including fair, reasonable regulations, tax collection agreements, and data sharing that balance the needs of communities, allow hosts to share their homes in order to pay the

Airbnb 03-14-19

bills and provides guests the opportunity to affordably visit places like the California coast," the company said in a statement.

Expedia said Wednesday's ruling is out of step with other court decisions and runs contrary to the Communications Decency Act's protections for innovation on the internet.

Santa Monica said in a statement that the unanimous ruling confirms the city's right to regulate home sharing to protect its limited housing stock for residents.

"We are thrilled to have confirmation from the 9th Circuit that our balanced approach to home sharing is working at a time when housing and affordability continue to challenge the region," Mayor Gleam Davis said. "This is a big win for Santa Monica residents and our residential neighborhoods."